

Message Text

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64

ACTION EB-07

INFO OCT-01 EUR-12 EA-10 ISO-00 SP-02 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8454

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

UNCLAS LONDON 02581

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652:N/A

TAGS: EFIN, UK

SUBJECT: UK TRADE AND CURRENT ACCOUNT IN JANUARY

BEGIN SUMMARY: THE UK CURRENT ACCOUNT WAS IN DEFICIT BY 131 MILLION POUNDS (S.A.) IN JANUARY, AN IMPROVEMENT OF 85 MILLION POUNDS OVER DECEMBER, RESULTING PRINCIPALLY FROM A MARKED IMPROVEMENT IN THE NON-OIL TRADE BALANCE. THE VISIBLE TRADE DEFICIT WAS 261 MILLION POUNDS (S.A.) MADE UP OF A DEFICIT OF 312 MILLION POUNDS IN TRADE IN PETROLEUM AND RELATED PRODUCTS, AND A SURPLUS OF 51 MILLION POUNDS IN TRADE IN NON-OIL GOODS. PROVISIONAL ESTIMATES INDICATE EXPORTS OF 1,546 MILLION POUNDS (S.A., UNCLASSIFIED

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F.O.B.) AND IMPORTS OF 1,807 MILLION POUNDS (S.A., F.O.B.)

THE BALANCE ON SERVICES AND OTHER CURRENT TRANSACTIONS (INVISIBLE TRADE) IS ESTIMATED TO HAVE BEEN IN SURPLUS BY 130 MILLION POUNDS. END SUMMARY

1. TRADE ACCOUNT: IN JANUARY, THE UK TRADE DEFICIT SHOWED AN IMPROVEMENT OF 85 MILLION POUNDS (S.A.) OVER THE DECEMBER LEVEL. THE JANUARY DEFICIT WAS RECORDED AT 261 MILLION POUNDS (S.A., F.O.B., B/P BASIS) MADE UP OF A DEFICIT OF 312 MILLION POUNDS IN TRADE IN PETROLEUM AND PETROLEUM RELATED PRODUCTS AND A SURPLUS OF 51 MILLION POUNDS IN TRADE IN NON-OIL GOODS. THE NON-OIL TRADE SURPLUS REFLECTS A TURN-AROUND OF 98 MILLION POUNDS FROM THE DECEMBER DEFICIT OF 47 MILLION POUNDS.

2. TRADE VOLUME: OF PARTICULAR NOTE, WAS THE UPTURN IN THE VOLUME OF UK EXPORTS DURING THE MONTH COMPARED TO THE INCREASED VOLUME OF UK IMPORTS. THE EXPORT VOLUME INDEX (S.A., 1970 EQUALS 100) ROSE FROM THE DECEMBER LEVEL OF 121.8 TO 136.0 IN JANUARY; THE IMPORT VOLUME INDEX INCREASED FROM 121.5 TO 127.1. WHILE THE DEPARTMENT OF TRADE INDICATES THAT THE INCREASE IN EXPORT VOLUME MAY BE ERRATIC, THEY ARE UNAWARE OF ANY SINGULARLY LARGE EXPORT SHIPMENT (SUCH AS AIRCRAFT OR SHIPS) THAT MIGHT HAVE CAUSED THE EXCEPTIONALLY LARGE INCREASE DURING THE MONTH.

3. EXPORTS: THE VALUE OF UK EXPORTS ROSE TO 1,546 MILLION POUNDS (S.A., F.O.B., B/P BASIS) AN INCREASE OF 185 MILLION POUNDS OVER DECEMBER. THE EXPORT UNIT VALUE INDEX ROSE FROM 178.3 IN DECEMBER TO 181.4 IN JANUARY (1970 EQUALS 100).

4. IMPORTS: THE VALUE OF UK IMPORTS WAS 1,807 MILLION POUNDS (S.A., F.O.B., B/P BASIS) IN JANUARY, AN INCREASE OF 100 MILLION POUNDS OVER THE DECEMBER LEVEL. THE IMPORT UNIT VALUE INDEX (1970 EQUALS 100) INCREASED FROM 233.9 TO 235.1, DECEMBER TO JANUARY RESPECTIVELY.

5. INVISIBLE TRADE AND CURRENT ACCOUNT: THE BALANCE ON SERVICES AND OTHER CURRENT TRANSACTIONS IS ESTIMATED TO HAVE BEEN IN SURPLUS BY ABOUT 130 MILLION POUNDS DURING UNCLASSIFIED

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JANUARY. THUS, THE VISIBLE TRADE DEFICIT, 312 MILLION POUNDS, COMBINED WITH THE INVISIBLES SURPLUS OF 130 MILLION POUNDS, YIELDED A DEFICIT ON CURRENT ACCOUNT OF 131 MILLION POUNDS, THE LOWEST LEVEL SINCE SEPTEMBER 1973.

6. THE CUMULATIVE TOTALS FOR 1975 IN THE VISIBLE ACCOUNT COMPARED TO 1974 ARE:

EXPORTS	IMPORTS	BALANCE
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1974	1,012	1,396	-384
1975	1,546	1,807	-261

NOTE: ALL FIGURES ARE S.A., F.O.B., B/P BASIS IN MILLIONS
OF POUNDS. THE DATA FOR 1975 (JANUARY) IS PROVISIONAL.

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